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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000180

SIPDIS

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TAGS: [PGOV](#) [PTER](#) [PREL](#) [UK](#) [IN](#) [NP](#)

SUBJECT: NEPAL: NO END IN SIGHT FOR POLITICAL IMPASSE

REF: A. KATHMANDU 0046

[1](#)B. KATHMANDU 0121

[1](#)C. KATHMANDU 0122

Classified By: AMB. MICHAEL E. MALINOWSKI. REASON: 1.5 (B,D).

SUMMARY

[1](#)1. (C) During a January 29 meeting, the U.S., UK, and Indian Ambassadors agreed that there is little evidence that a breakthrough in the political deadlock between the Palace and the parties is imminent. The three discussed possible long-term implications of the demonstrating student unions' call for an end to the monarchy (Ref C). The Indian and British Ambassadors advised that both their governments are increasing development and military aid to Nepal. The Indian Ambassador expressed concern at the recent tremendous influx of Nepalis, fleeing Maoist violence in the southern border area of the Terai, into India, noting that state governments in Bihar and Uttar Pradesh were beginning to complain to the central government. End summary.

PARTIES AND PALACE:
ROAD TO RECONCILIATION REMAINS ROCKY

[1](#)2. (C) As part of ongoing trilateral consultations, the Ambassadors of the U.S., UK and India met on January 29 to exchange views on recent developments in Nepal and share information on their respective policies and programs. The three agreed that there seemed little immediate hope that the King's recent overture to the political leadership (Refs A and B) will help resolve the 15-month stalemate between the parties and the Palace. Despite his insistence that he wants to focus on the "process" of forming a more representative government, rather than the "personalities" involved, the King has made clear that he is unlikely to accept any of the leaders of the three largest political parties (Nepali Congress President G.P. Koirala; Communist Party of Nepal - United Marxist Leninist General Secretary Madhav Nepal; or Nepali Congress (Democratic) President Sher Bahadur Deuba) to lead such a government. Nor is National Democratic Party (a.k.a. RPP) Chairman Pashupati S.J.B. Rana a viable candidate, the three concurred, for two reasons. First, he is a prominent scion of the former dynastic rulers of Nepal who attempted to crush the democratic movement more than 50 years ago. Second, it was his daughter whose star-crossed romantic involvement with the late Crown Prince Dipendra is popularly cited as the reason for the June 2001 Palace massacre. With the top four politicians plainly out of the running, the Ambassadors noted, there appears to be no effort from either side to consult with one another on possible "second-choice" consensus candidates. The parties had already rejected one such possibility--former Speaker of Parliament Taranath Ranabhat, who was apparently favored by the King. The party leaders' own egos and internecine jealousies make identifying an acceptable "second choice" from among party ranks extremely difficult, the envoys agreed. The parties, moreover, are seeking a guarantee from the King that he will reduce his political intervention and reassume the role of a constitutional monarch--a commitment, the Ambassadors noted, the monarch may be unwilling to provide at this point.

PARTIES PEEVED AT KING'S INTERVIEW

[1](#)3. (C) King Gyanendra's January 26 interview with Time Asia, which received broad and generally unfavorable coverage in the local press, has aggravated the situation, the Ambassadors noted. (Note: The negative coverage focuses on the King's accusations that the parties do not speak for the people, have no accountability, and that their leaders' "lack of foresight" and disregard for their constituents led to the Maoist insurgency. In addition, some local commentators and politicians believe that the King's statement that "the days of royalty being seen and not heard are over" suggests he

intends to pursue a more active, extra-constitutional role. End note.) The King's statements seemed a bit confrontational and provocative, rather than conciliatory, they agreed. Indian Ambassador Shyam Saran said that former Indian Prime Minister Chandra Shekhar, who is in Kathmandu for a brief visit, offered a dismal read-out from his meetings with King Gyanendra and NC President G.P. Koirala. Shekhar indicated he found the King's attitude toward the parties hardening, while Koirala seemed "recalcitrant" and not disposed toward compromise.

14. (C) Besides the King's well-publicized interview, prospects for reconciliation are also complicated by the near-daily protests against the King, carried out by the student wings of the two largest parties, presumably as proxies for the political leadership, the Ambassadors concurred (Ref C). The students' recent calls for an end to the monarchy are of special concern, Saran said, not necessarily because they reflect widespread sentiment but because they raise a sensitive issue that, once vocalized, becomes increasingly difficult "to put back in the box." In the meantime, the Maoists are watching recent developments with interest to see if the turmoil can be turned to their advantage, Saran continued, adding that the insurgents maintain contact with the EU and the Scandinavians. UK Ambassador Keith Bloomfield expressed surprise at Saran's report, stating that he was unaware of any recent contact between EU officials and the Maoists.

MAOIST TERROR IN TERAI CREATES
PROBLEMS FOR INDIAN BORDER STATES

15. (C) Saran reported that increased Maoist activity in the southern Terai plains is creating a surge of refugees into Indian states along the Nepali border, especially Uttar Pradesh and Bihar. He added that the huge increase in cross-border traffic has prompted complaints from state governments struggling to cope with the influx. Even comparatively wealthy Nepalis are leaving their homes to avoid Maoist extortion, he said. The enforced "fund-raising" seems to be paying off, Saran observed, reporting that the Maoists, apparently flush with cash, are offering potential recruits Rs 2000 (approximately USD 27) in the eastern district of Sindhuli.

UK, INDIA INCREASE AID

16. (C) The British and Indian Ambassadors reported that both their respective governments have decided to increase security and development assistance levels. Saran noted that the Indian government will increase the amounts of INSAS rifles, ammunition, mobile command posts and anti-mine vehicles for the military. Indian and Nepali security agencies recently held a very useful and productive meeting in Bangalore, Saran said, and intelligence cooperation is growing. The Indian government has also committed to building an additional 1000 kms of farm-to-market roads in the Terai region, which will ultimately be linked to improving road networks in Uttar Pradesh and Bihar. Indian railheads will be stretched to a number of Nepal's border towns, and a petrol pipeline will be built from the border to Kathmandu, thereby significantly lowering energy costs. In addition, the Indian government has decided to move rail heads up to the Nepali border, a hopeful flicker of life for the long-delayed rail link between India and Nepal.

COMMENT

17. (C) The good news about our regular consultations with the UK and Indian envoys is that these exchanges confirm the similarity of our Missions' assessment of the domestic political situation. The bad news is that that assessment is uniformly discouraging. Despite our respective Embassies' good offices and best efforts, the mood of both the Palace and the parties seems increasingly uncompromising and recriminatory. Unfortunately, the strident public positions taken by both sides--protests by surrogate student wings on the one hand and bluntly critical comments in a prominent international publication on the other--only harden positions. Such high-profile stances are forcing both sides into corners from which each will find it difficult to come together.

MALINOWSKI